



HELVETAS
Swiss Intercooperation

COUNTRY STRATEGY FOR *BHUTAN 2018-2022*



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List of Abbreviations

ADB	Asian Development Bank
BIU	Business Incubation Unit
CBO	Community based organization
CS	Country Strategy
CSOA	Civil Society Organizations Authority
CSO	Civil Society Organization
DLG	Department of Local Governance
EU	European Union
FYP	Five Year Plan
GDG	Gewog Development Grant
GNHC	Gross National Happiness Commission
HDI	Human Development Index
LG	Local Government
LSP	Local Security Plan
MoAF	Ministry of Agriculture and Forests
MoHCA	Ministries of Home and Cultural Affairs
MoLHR	Ministry of Labour and Human Resources
NGO	Non Governmental Organization
NKRA	National Key Result Area
RGoB	Royal Government of Bhutan
RNR	Renewable Natural Resources
PSC	Project Steering Committee
SAARC	South Asian Association for Regional Cooperation
SDC	Swiss Agency for Development and Cooperation
SDGs	Sustainable Development Goals
TTI	Technical Training Institute
TVET	Technical and Vocational Education and Training

Acronyms

Dzongkhag	District
Gewog	County
Thromde	Municipality
Zomdues	Village Meetings

1. Summary

The Country Strategy (2018-2022) of HELVETAS Swiss Intercooperation Bhutan is not a linear extension of the earlier programme but builds on earlier lessons, contextual changes and priorities, and its experiences and expertise to advance mainly *two thematic areas*: vocational skills development and employment, and local governance and civil society. At the same time, given the many years of engagement in the country and credibility established in other areas as well, opportunities will be sought to engage in other areas, which are within HELVETAS' operational capacity and expertise.

Bhutan has made important achievements in its political, economic and social transition. However, there are disparities in levels of development and capacities between regions and dzongkhags (districts), rising inequities in income and employment particularly for youth, and limited engagement of the private sector and of civil society organizations as partners in development. Therefore, the emphasis is on *three strategic goals* within the two thematic areas: active citizen engagement (empowerment), an effective and accountable state (conducive frame conditions), and disadvantaged youth become skilled employees or self-employed workers (livelihood). Translating the strategic goals into action will require: national level policy dialogues with the engagement of civil society organizations as well as active citizen participation in local governance; inclusive and demand-driven services by local governments, and progressive local governance reforms; and completion of vocational skills training by youth, and their successful transition from training into employment.

The emphasis is on *implementation at local level* with civil society organizations, local governments, private sector partners and vocational training institutes but *with clear linkages to strategic partners* from central government ministries and departments, agencies with a policy mandate, and network of civil society organizations. The *geographic focus* will be on communities and gewogs (counties) in the 10 poorest dzongkhags in the country. The *primary stakeholders* are men, women, and youth who are economically poor and disadvantaged. In addition, civil society organizations, both formally organised non-governmental organizations as well as informal community based groups and associations, are primary stakeholders.

Three organizational *cross-cutting themes* - gender and social equity, policy dialogue, and partnership and capacity development - will be addressed within the two focus thematic areas of vocational skills development and employment, and local governance and civil society. Gender and social equity are the main criteria in the selection of primary stakeholders, outcomes on policy dialogues are planned under the local governance and civil society thematic area, and partnership and capacity building form an integral part of the HELVETAS Bhutan implementation approach. Two new thematic accents - youth and urban engagement - are taken on board since they are closely linked to the two focus thematic areas. Unemployment is a challenge mainly facing youth who come to semi-urban and urban areas looking for income and employment opportunities, while urban areas in Bhutan are rapidly expanding and bring social, economic and governance challenges as well as opportunities.

The strategic goals, thematic areas and the cross-cutting themes contribute mainly to four of Bhutan's 12th five year plan National Key Result Areas (NKRAs): quality of skills (result 7), empowerment of girls and women (result 10), productive and gainful employment (result 11) and strengthening democracy and decentralization (result 13). These in turn contribute towards corresponding Sustainable Development Goals (SDGs).

HELVETAS Bhutan will continue to be a technically competent partner for programme/project implementation, technical advice and a facilitator and innovator. Its in-country capacity is strengthened through partnerships in the country, linkages with other HELVETAS country offices and networks in the region, and support from experts in HELVETAS Switzerland.

2. Introduction to the strategy

2.1. Purpose of the Country Strategy and period covered

The Country Strategy describes the mid-term strategy of HELVETAS Swiss Intercooperation in Bhutan for the period 2018-2022. It will guide the overall planning, management and strategic steering of current and future programs in Bhutan for the defined period. It will also be the basis for the five-year memorandum of understanding between HELVETAS and the Royal Government of Bhutan (RGoB). It will undergo a mid-term review in 2020 to assess continued relevance and make adjustments if needed.

2.2. Process of elaboration of the strategy and involved persons and institutions

The Country Strategy was elaborated through 3 main steps:

- **Review and Board decision:** the review analysed the context, the relevance of the ongoing programme in this context and made recommendations for the future in view of the political and socio-economic transformations in the country. Discussions were held with staff, and stakeholders from the government, private sector and civil society and development partners in the country. The review recommended: three alternatives for the programme in Bhutan, and two areas of focus in the event of continuation beyond the current programme. Recommendations were shared and feedback sought from staff. The review formed the basis for the Board of HELVETAS to decide on the future of the Bhutan programme beyond 2017. The Board and Management decided on continuation of the programme and in the areas recommended by the review – civil society promotion and decentralization, and vocational skills and training.
- **Consultations and concept note:** thematic meetings and a general consultation workshop were held with partners using the Board and Management approved recommendations from the review as the overall framework. A concept note was drafted using the review recommendations and inputs from these thematic meetings and consultation workshop. Feedback on the draft concept note was received from the ProComm and from partners before finalization.
- **Planning the Country Strategy:** With the finalised concept note as the main framework, elaboration of the Country Strategy was done through 3 steps: internal staff discussions; strategy development workshops that were organised for small groups of partners based on themes, geographic distribution, representativeness from different levels of government including local government representatives, private sector representatives (current and potential partners) and civil society organizations (formal and informal); and presentation of skeletal draft to government authorities and select donors in the country. This formed the basis for the first complete draft that was submitted to the head office for feedback prior to finalization.

3. Actual situation and trends in the country context

3.1. Poverty situation, socio-economic and environmental trends

Between 2010 and 2015, Bhutan's Human Development Index (HDI) value rose by 6%, positioning the country at 132 out of 188 countries and territories. However, the HDI value is below the South Asia average and there is also a loss of 29.4% due to inequality in all the three dimensions used to measure the HDI value. Investments in the social sectors have enabled the achievement of several of the Millennium Development Goal (MDG) targets and income **poverty** has been reduced to 8.2% of the population now living below the national poverty line of Nu. 2195.95 per person per month, and extreme poverty has reduced to 1.5%. But these gains are uneven across dzongkhags and between rural and urban areas with a higher rate of poverty mainly in the eastern dzongkhags and a

significantly higher proportion in rural areas living in poverty. A trend today is the growth of urban centres and small urban towns where more than 50% of the population is projected to live by 2020. Urban poverty is on the rise and a contributing factor is rural-urban migration mainly of youth in the early part of their working lives. These youth are then faced with a lack of support systems for their transition into productive employment.

Bhutan seeks to graduate from the group of Least Developed Countries (LDCs). Sustaining quality social services and its economic vulnerabilities are challenges for graduation. The country's **economic** vulnerabilities emerged clearly in recent years with growing debt (debt to gross domestic product ratio was 116% in 2016), balance of payment deficits, and a weak private sector. The gross domestic product per capita income has reached US\$ 2,719 in 2015, which means that the country is in the ranks of Lower Middle Income Countries according to the World Bank classification; however, official development assistance still accounts for about 30% of development resources in the current plan and the growth trajectory has been highly uneven, depending on the commissioning of new hydropower plants. Bhutan's source of growth is tied to a single sector, hydropower, and also this sector offers limited employment opportunities especially for the increasing number of youth looking for jobs. Unemployment among youth was 10.7% in 2015, with higher unemployment rates among women job seekers (almost 60%). The overall unemployment rate was 2.5% in 2015, which is highly positive. However, when disaggregated, the ratio of informal employment to total employment is high and there is a very high percentage of temporary employment especially in the private sector. In addition, urban unemployment rate is four times higher than in rural areas, employers regard job-specific skills of youth to be low, and very few private sector firms engage in training of youth and their employees. The private sector remains small and except for tourism and related services, other sectors remain largely underdeveloped.

There has been high priority placed on **environmental** conservation contributing to high forest cover and protected areas. Vulnerabilities to climate change related disasters such as glacial lake outburst floods, floods and landslides remain high. Studies predict decreasing hydrological flows in rivers in the coming years as well as seasonal changes, which will have a negative impact on the electricity generation, an important economic sector in the country. Issues of human-wildlife conflict and growing demands for natural resources have raised the need to balance environmental goals and development needs. The government has pledged to remain carbon neutral with emissions not exceeding carbon sequestration by forests.

3.2. Governance & political trends, enabling environment for civil society, conflict and security situation

In general, the political context has been stable. Since the transition to a parliamentary democracy in 2008, relevant institutions have been set up and two national and two local government elections have taken place. The national elections have shown similarities in the pledges of the political parties which are sustainable economic development, social progress and democratic governance. So far, two parties have emerged as the dominant ones on the political scene. The third national elections are to be held in 2018 while the third local government elections were held in 2016. The overall trend in governance has been towards greater decentralization to local government, although differences in interpretation of decentralization lead to a mix of different approaches and practices, and an unclear division of roles and mandates among different stakeholders. These processes need time to evolve and mature. There is increasingly greater participation and decision making authority with citizens in development planning and implementation in their communities, but not so much in terms of public discourses or monitoring and accountability processes. The participation of women and youth in local governance processes is an area that needs attention.

With the passing of the CSO Act and resulting rules and regulations, the number of formally organised civil society organizations (CSOs) and the diversity of their work are increasing. The general recognition for CSOs is also growing and the government is partnering with some CSOs to

deliver services to vulnerable groups. The trend so far is that CSOs are largely seen as implementers of charitable and social programs while other roles of CSOs in a democratic setup such as advocating for the rights of vulnerable groups, holding duty bearers accountable, and influencing and monitoring policies are new and viewed cautiously. There are also perceptions that their capacity to do so is limited. There is an ongoing review of the CSO rules and regulations, and possibly the Act. There is a need to recognize the caution about the rapid increase in numbers of CSOs while not responding to this through rigid regulations.

The risks and security situation is generally labelled as low risk. Major risks have been natural hazards, in particular floods and earthquakes. Localised landslides and flash floods also occur regularly during monsoon. Preparedness in case of large scale natural disasters is generally low in the country and capacities are being built for disaster preparedness and response at national and dzongkhag levels. In certain pockets of the South, ransom kidnappings occurred occasionally in the past but there has been no reported incidence in the last year or so.

3.3. Relevant policies and legal framework

The government has begun formulating the country's 12th five-year plan (July 2018 - June 2023) which provides the overall socio-economic development framework for the next five years. The overall objective of this plan is a "just, harmonious and sustainable society through enhanced decentralization". Within this framework, there are 16 key national result areas or national level outcomes identified of which four are directly relevant to HELVETAS Bhutan: i) Quality of education and skills improved; ii) Gender equality promoted, women and girls empowered; iii) Productive and gainful employment created; iv) Democracy and decentralization strengthened. Inclusion of vulnerable groups and empowerment of women and girls are among the key performance indicators in this 12th Five Year Plan (FYP). Particularly, livelihood of vulnerable groups has been identified as a "flagship" program and will therefore provide a platform for targeted poverty programs.

For the registration, operation and collaboration with CSOs, the *Civil Society Organizations Act* provides the umbrella legal framework. The Act has enabled 53 CSOs to get legal status and to work in diverse areas, and several more have applied for registration. The definition of CSOs in this Act excludes cooperatives and associations that have income generation purposes. These are guided by a separate legal framework, the *Cooperative (Amendment) Act of Bhutan, 2009*, under which such groups and associations are formed and function. The *Local Government Act* is the main legal framework that outlines the authority and responsibilities of local governments and provides for direct participation of people in planning and managing their socio-economic development. As per this act, financial resources, personnel, and greater authority and responsibilities have been decentralized to local governments. However, lack of coordination and different interpretations, unclear roles and responsibilities, and limitations in capacities to implement reforms have led to discussions to come up with a *decentralization policy*.

On vocational skills development and employment, the *Technical and Vocational Education and Training Blueprint* provides the overall vision, objectives and strategies for TVET development in the country for the next decade. The *National Workforce Plan* is also relevant as it analyses skills shortages in 3 sectors where growth and employment potentials are seen – construction, tourism and production. This plan provides a basis to match skills training with shortages identified.

3.4. Public, private and corporate development actors and institutions

Government agencies at the central level, and their offices in dzongkhags and gewogs are important development actors in the country. Local governments are coming to the fore. The broad division of role today is that the local governments plan and prioritize, while the administration in the dzongkhags and gewogs advise and support implementation. The private sector is made up of a few large companies mostly related to the construction sector, and an array of small scale enterprises.

Associations of private companies and enterprises are important actors that represent the interest of their members. Civil society consist of both formal and informal groups and associations such as registered CSOs, farmer groups and cooperatives, user groups, and village or community associations. They represent members and communities on a diverse range of topics, provide services, work on social issues, income generation, management of common resources and so forth.

3.5. Opportunities and Challenges

Within the above changing context and based on HELVETAS' areas of expertise and experiences, the focus and value addition of HELVETAS in Bhutan will now be on the following:

- The trend is of increasing youth unemployment in a context where the private sector is faced with a lack of skilled workers and where the quality and market relevance of technical skills training is often questioned. There are also other issues such as perceived unwillingness of youth to take up manual work and a still developing private sector whose role in the “pre” employment skills development side has been insignificant so far. Therefore, **quality of technical skills and employment** and private sector participation are critical national concerns where relevant experiences and expertise in the region and in Switzerland are available, and where HELVETAS Bhutan has begun establishing itself as a partner in the country.
- HELVETAS Bhutan has many years of experiences working with famer groups and cooperatives. With a favourable policy environment (e.g. Cooperatives Act) and support system for these groups to further develop, they provide avenues for **citizen engagement at the grassroots level** as well as in **more inclusive market chain development**.
- The formal transition to a democracy is moving towards deepening “second generation” reforms such as **citizen engagement**. Civil society organizations, both formal and informal, are finding their space in development. Lack of capacities and resources, recognition of their diverse work, and access to interactive platforms for policy dialogues are some challenges CSOs face.
- The share of financial resources for local level programs has almost doubled in the forthcoming 12th five-year plan and enhancing decentralization is in the overall objective and national level outcomes of this plan. These developments provide opportunities to strengthen citizen engagement in **local governance**, especially of women, youth and other vulnerable groups. They also need to be accompanied by relevant policies and procedures, as well as adequate capacities of **local governments**.

Challenges are:

- Generally, there is a **strong project orientation** in discussions and relationships with partners. Linkages with wider social, economic and political challenges and policy dialogue are limited. This may be further aggravated by the decreasing portfolio of HELVETAS Bhutan.
- So far, “**rural**” has been the **mainstay** in engagement in Bhutan. There is a growing pull of the population towards urban centres, the speed of which was unexpected. The growth of larger urban centres, small district towns and “satellite” towns is becoming more visible. This is part of **wider social and economic transformation** in Bhutan and is seen to have an influence on youth employment opportunities and challenges, economic activities in rural areas, and on local urban governance.
- **Transition in our own role** (and status) from a donor, as was perceived in the past, to a technically competent partner for programme/project implementation, technical advice and as a facilitator of policy dialogue. Necessary networks with HELVETAS experiences in the region, with expertise available in the advisory services and with donors, and building or recruiting in-house capacities will have to be planned to expand on the current track record.

4. Past experiences and lessons learned

4.1. Origin and evolution of the HELVETAS' engagement in the country

HELVETAS started its engagement in Bhutan in 1975. The early programmes focused broadly on health, support for small and medium enterprises, agriculture including livestock and forestry, education, and rural infrastructure, mainly suspension bridge building. These were consolidated into three focus areas consisting of renewable natural resources (RNR), education, and rural infrastructure. Execution through national partners, mainly the government, became the implementation modality. With impressive achievements in general education and improvements in access through construction of roads and road bridges, engagement in suspension bridge building and primary, secondary and teacher education phased out after more than two decades of engagement.

Decentralization, plans to transition to a democracy, and economic and social changes in a modernising society were important changes in the context in Bhutan. Therefore, projects with local governments, civil society organizations, agriculture related cooperatives and small businesses became important. In parallel, rising youth unemployment led to engagement in the vocational skills development sector.

4.2. HELVETAS' Country Portfolio: Projects implemented, resources provided and results achieved

The mission of HELVETAS in Bhutan is to "build on opportunities arising from the democratisation process by creating spaces for disadvantaged women and men and promoting their equal share in social and economic benefits." This has guided the choice of projects and partners in the last five years. There were ten "core" projects to enhance rural livelihood for farmers in poverty pockets, strengthen democratic governance with a focus on capacity development of local governments and civil society organizations, and improving employment opportunities for youth. In addition, administrative and monitoring services were provided for several projects that were initiated by third parties from Switzerland.

Projects were implemented in three working areas:

- *Governance and Peace*: Four projects were implemented to contribute towards enhancing democratic, governance with particular attention to local governance and civil society engagement. Partners included government agencies, local government, and civil society organizations. 28% of the budget share was allocated. Quantitative results have been largely achieved especially on increasing capacities through training of members of local government councils and members of cooperatives and farmers' groups. Citizen engagement, particularly in terms of increasing the quality of participation of women and youth, remains a challenge. Capacity development of CSOs as a sector, facilitating networks and common platforms for advocacy, and working on the policy environment, in which these actors operate, has shown concrete results; however, this long term process needs continued fostering.
- *Rural Economy*: Four projects were implemented to contribute towards enhancing rural livelihoods through sustainable management of common pool and private natural resources and capacity development. Partners included government agencies and community groups. 32% of the budget share was allocated. The numbers of self-governing community based groups and their scope of engagement in economic activities increased significantly. Steps have been taken to move away from an exclusively production oriented model towards value

chain and market system development and there is now greater awareness on market orientation. Challenges include low levels of private initiatives and engagement, and dependency on (government) subsidies. In some projects, the ambitious expectations of developing value chains on a large scale had to be scaled down.

- *Skills Development and Education:* Two projects were implemented to contribute towards enhancing income and employment opportunities through increasing access to education and skills development. Partners included government agencies and private sector representatives. 34% of the budget share was allocated. Targets for youth enrolment in skills training and graduates in the partner technical training institutes have been met, including male-female ratio. Efforts to enhance the practical side of trainings through piloting apprenticeships in private industries has seen some success. Increasing private sector participation in vocational skills training has not really taken off and needs to feature more prominently in future projects.

Transversal themes: The focus on significant poverty pockets for income generating activities and the efforts to facilitate a shift to market oriented farming has a strong equity element. Limited social protection schemes for highly vulnerable households have been implemented to enable them to also participate in income generating opportunities. The potential of technical education and vocational training to contribute to equity is high, since vocational education generally attracts economically disadvantaged women and men. Consciousness about gender equality has been growing among staff and partners alike, and collecting sex disaggregated data during planning and reporting on trainings is becoming a norm which is a good first step. In governance projects, the focus on social equity in planning and reporting sometimes gets diluted because activities focus on institutions (local governments, central government agencies) and do not connect directly with primary stakeholders that these institutions are supposed to serve. Capacity development of primary stakeholders and partners was important across the entire programme although follow-up and monitoring has been generally weak. Attempts were made to look at institution wide capacity assessment and development rather than one-time training. Downward accountability has not become embedded within projects although awareness and piloting of some tools were done; other national actors have now taken on this topic on a wider scale, in which HELVETAS is a partner.

4.3. Previous strategy and Lessons learned

The Country Strategy 2012-2017 focused on three main outcomes: enhanced democratic governance with a particular focus on the capacity of local governments and citizen engagement, improved rural livelihood through sustainable management of common pool and private natural resources, and enhanced income and employment opportunities through skills development and education. Quantitative results have been largely achieved (refer to Annex 3). However, monitoring and reporting on qualitative results has been a general weakness.

Lessons

- Fostering **private sector involvement** along market chains and skills development has been very limited. This needs further conceptualization and partnership development in line with the strategic need to engage with "**urban actors**" (e.g. processors, traders, contractors).
- The tendency has been to focus on capacity development of local governments for better service delivery mainly in rural areas. The more unstructured side of **citizen engagement or rights based side** has not really taken root. Topics such as engagement in Zomdues (village meetings) and social accountability mechanisms need to become more pronounced.

- Greater geographic and thematic focus is needed while also leaving flexibility for acquisition in areas where HELVETAS Bhutan has many years of experiences. Seeking funding opportunities needs to become more pronounced within the country office.
- Strategic experiences at local level have not been consistently or consciously disseminated. Where it was done, for example through the publication of experiences and success stories, they became standalone activities that were not linked to broader strategies or **policy dialogue**.
- There is a need to avoid projects becoming funding gap fillers for ad-hoc programs and activities but to continually monitor, adapt and steer towards medium term and jointly agreed objectives.
- There is a need for better **vertical linkages between projects and the overall country strategy** results framework; the project level outcomes did not readily connect with CS expected results. Better synergies between projects through shared strategies, experiences and principles, and jointly reinforcing transversal themes is needed. The combination of products (income generation, skills building) with processes (governance principles including equity) are not spontaneous and needs more efforts.

5. Strategic orientation

5.1. Organisational vision and mission

Vision: Our goal is to ensure a just world, in which all people live independently in dignity and security, use the natural resources in a sustainable manner and protect the environment.

Mission:

We support poor and disadvantaged people and communities in developing and transition countries who want to actively improve their living conditions.

Through our development cooperation, we provide support for self-help and enable people to permanently improve their livelihoods.

We promote equitable access to essential resources and services, thereby helping to overcome the causes of poverty.

We are committed to the protection, promotion and exercise of social, economic, political, ecological and cultural rights and obligations.

We support our partners in development policy issues.

In Switzerland, we are committed to a coherent foreign and economic policy that meets the needs of people in the developing and transition countries.

We support and strengthen our partners in the long term.

5.2. Organisational and country's [Theory of Change](#)

Bhutan has made important achievements in its political, economic and social transition. However, there are disparities in levels of development and capacities between regions and dzongkhags, rising inequities in income and employment particularly for youth, and limited engagement of civil society and the private sector. It is expected that:

- Active citizen engagement and well governed and representative civil society organizations will promote equitable development by including, representing and negotiating better terms for the primary stakeholders- poor people, youth, and groups who are disadvantaged because of their gender, age or geographic remoteness.
- Supporting policies and systems in support of decentralization and democratization, as well as capacity development of relevant government partners including local governments in poorer regions and dzongkhags will contribute to more equitable development outcomes and their improved performance and accountability;

- If disadvantaged youth, and economically poor men and women have access to skills development training that is of high quality and relevant to the market, they will get the necessary skills and capabilities and be able to obtain suitable employment and income opportunities. Skills needs will be assessed through private sector involvement and turned into demands.

Therefore, through mutual partnerships, HELVETAS empowers civil society and develops the capacities of government and private sector actors to strive for more equitable development and opportunities that benefit the primary stakeholders.

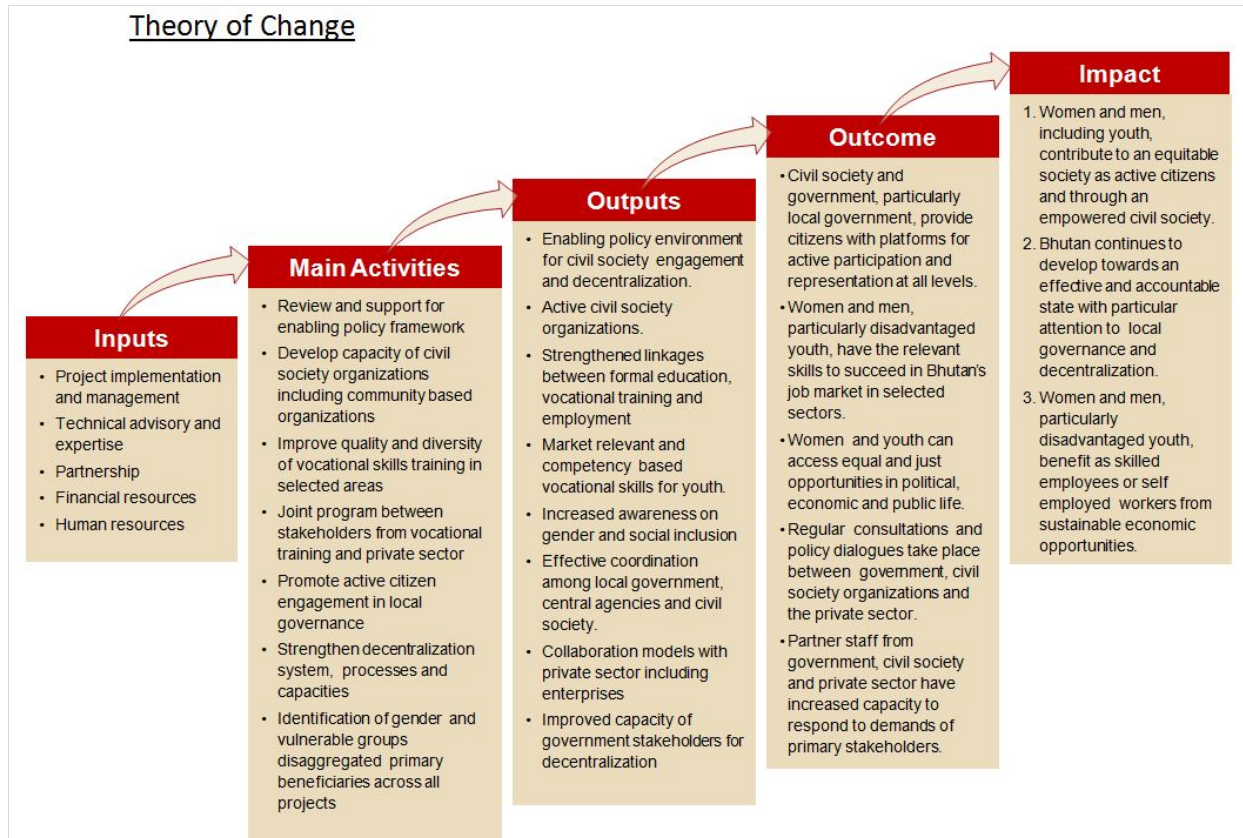


Figure 1: Theory of Change for HELVETAS Bhutan

5.3. Strategic country goals

Overall Development Goal		
Contribute towards equitable and sustainable development in Bhutan that directly benefits men, women and youth who are economically poor and disadvantaged		
Strategic goals		
Empowerment	Conducive frame conditions	Livelihood
Women and men, including youth, contribute to an equitable society as active citizens and through an empowered civil society.	Bhutan continues to develop towards an effective and accountable state with particular attention to local governance and decentralization.	Women and men, particularly disadvantaged youth, benefit as skilled employees or self-employed workers from sustainable economic opportunities.
Key Outcome Indicators		
Number of national level policy dialogues with engagement and contributions of civil society	Citizen perception on quality of services by local governments maintained at baseline level in 50% of partner Dzongkhags	Successful completion rate of vocational skills training from partner institutions
Level and quality of citizen participation in local governance, and membership in civil society groups	Number of progressive local governance reforms adopted by the government/Parliament	Transition rate from training to employment of targeted youths from partner institutions

5.4. Working area objectives

Education and Skills Development

Women and men, particularly disadvantaged youth, have the relevant skills to succeed in Bhutan's job market in selected sectors.

Youth unemployment in the country relates to a gap between the demand side (private sector requirements) and the supply side (skilled workers), among other challenges. The expanding construction sector and related private construction companies and enterprises offer opportunities for employment for skilled workers that respond to their requirements. A majority of these youth who enter into vocational skills training programmes are economically disadvantaged and come from geographically remote areas with the aspiration to find jobs or self-employment in semi-urban areas, small towns, and larger urban centres where construction activities are vibrant. Therefore, to increase the income and employment chances for disadvantaged Bhutanese youth, the gap between demand and supply needs to be reduced through appropriate, *market relevant skills development programmes in selected trades within the construction sector*. This will in turn lead to reduction of inequities in employment opportunities for Bhutanese youth.

Optimizing on the growing numbers of community based organizations such as farmers' groups and cooperatives and past experiences of building their capacities mainly in production, more equitable *skills building for income generation* will also be extended to these groups.

Governance and Peace

Civil society and government, particularly local government, provide citizens with platforms for active participation and representation at all levels.

The transition to a democracy calls for an increasing role of citizens in local governance and of civil society organizations, both formal and informal. Priorities are more and better quality *participation in local meetings and decisions especially by youth, women and other vulnerable groups* as well as

support for civil society organizations to fulfil their mandates, engage in issue based networks and in regular policy dialogues with the government. The government's priority given to decentralization provides avenues for more *local government-civil society interaction* in planning, prioritizing local development plans and in monitoring for accountability. However, these do not happen automatically and needs *relevant policies and procedures, and adequate capacities of both civil society and local governments.* The development of a *clearer pathway and way forward for decentralization* in the country is also needed, especially considering that it has been identified as a core part of the overall goal of the country's 12th five year plan.

Gender and Social Equity

Women and youth can access equal and just opportunities in political, economic and public life.

The representation of women in the political sphere is marginal in the country. Recent local government elections showed a marginal overall increase while the last parliamentary elections saw a drop in women's representation. While the national unemployment rate has decreased slightly, unemployment rates among females show an increase and are almost twice as high as those for men. Youth are finding it equally difficult to engage in participatory local development processes.

This is a democratic deficit particularly since Bhutan has a youthful population, unemployment among youth is three times higher than the national average, and also because the 12th five year plans seeks to emphasize economic activities and employment creation through the use of gewog development grants. Consequently, *participation of women and youth in local governance processes and in income and employment opportunities* will be priority.

Policy Dialogue

Regular consultations and policy dialogues take place between government, civil society organizations and the private sector.

The aim is to *link programme experiences made with civil society, private sector partners, women, youth and other vulnerable groups with macro level policies.* Priority will be given to topics that directly impact skills development and employment for youth, women and youth participation in local governance processes, decentralization practices, private sector engagement, and reforms that affect income generating activities including rural-urban linkages.

Partnership and capacity development

Partner staff from government, civil society and private sector have increased capacity to respond to demands of primary stakeholders.

Strengthening *partner organisations from the government and civil society* is an integral part of our programme. With regard to government partners including local governments, this is aimed at developing policies or delivering services that responds to primary stakeholder demands or at jointly facilitating "soft" topics such as inclusion of citizens in planning and prioritization, social accountability, and inclusive Zomdues (village meetings). With civil society organization actors, this is aimed at supporting partners to develop as a sector in its own right, and to strengthen their internal governance and respond to sustainability issues they face. The aim is to also *increasingly partner with private sector enterprises and companies* in order to work together to bring relevant changes in skilling and employing Bhutan's youth.

5.5. Key elements and changes of new country results framework

The main elements and changes in this Country Strategy compared to the last one are:

- **Shift from support to rural livelihoods to governance and vocational skills development as main themes:** The focus will be on two themes: (a) Local governance and civil society; and (b) Vocational skills development and employment. The three organisational cross-cutting topics

– gender and social equity, policy dialogue, and partnership and capacity development - will be addressed within these two themes.

- **Reduced programme portfolio:** The mainstay in the programme in the past country strategies has been agriculture including forestry and livestock. Exit phases of projects in these areas have been completed or are under implementation. Head office management has indicated a reduction of financial resources from Programme Contribution. However, given the limited and highly competitive acquisition landscape, a pro-active policy to acquisition will be maintained for themes, in which there are experiences and capacity.
- **Youth emerges more prominently:** Youth are one of the primary stakeholders in local governance processes at the community level and in vocational skills training. Youth engagement will be a common topic across both the main themes and will help to enhance synergies. Youth associations will be one of the partners for civil society strengthening.
- **Engagement in semi-urban/urban areas:** Earlier engagements focused particularly on rural settings. While the focus on more rural areas in general will continue, experiences will be expanded to the increasing urban areas specifically for vocational skills development and employment, and by including urban governance within the governance engagement.
- **Conscious focus on acquisition:** Acquisition will receive more attention. Active preparations and staff time allocation will be made specifically to seek out and participate in acquisition without which the programme risks falling below a critical threshold.
- **Transitioning to a technically competent partner, advisor and facilitator:** The programme of HELVETAS in Bhutan used to have a large contribution of mandates for many years and the office represented SDC for more than two decades. This has led to the perception of HELVETAS as a donor agency. Presenting the office as a technically competent partner for programme/project implementation, technical advice and as a facilitator in policy dialogue will be important. A plan of action will be developed for this transition.

5.6. Alignment to HELVETAS and national strategies and policies

The strategic orientation of the programme, its goals, and working area and transversal theme objectives are closely aligned with several Sustainable Development Goals, national key result areas of the 12th five-year plan of Bhutan, domains of the country's development philosophy of Gross National Happiness and to HELVETAS' institutional goals.

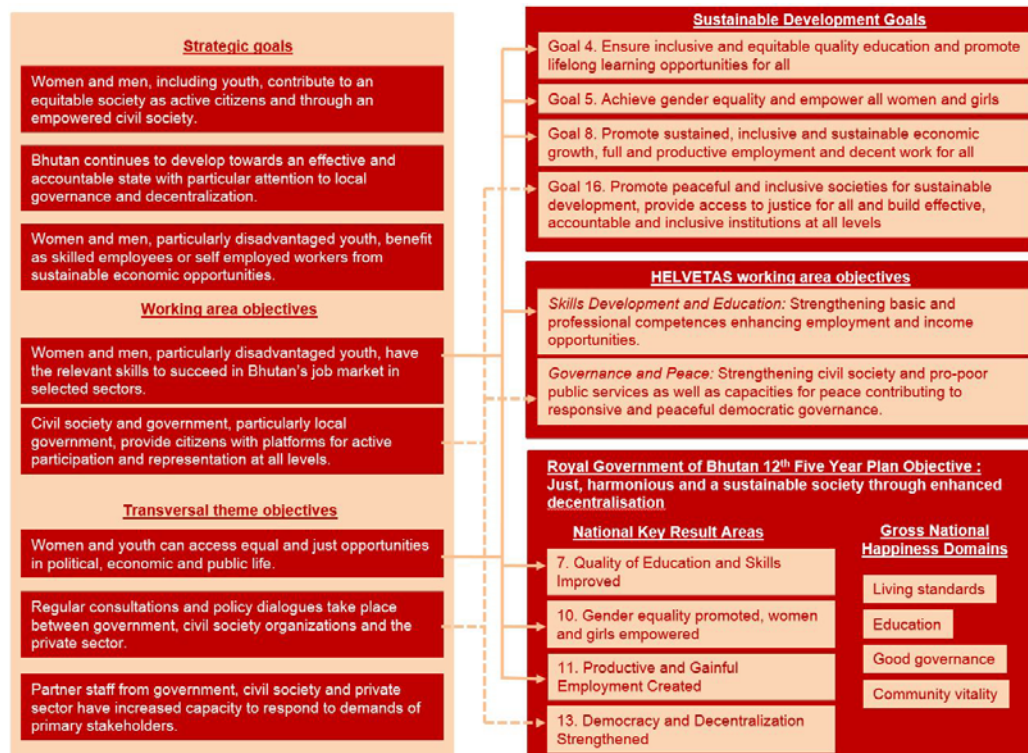


Figure 2: Alignment of HELVETAS Bhutan interventions

6. Target group

6.1. Primary stakeholders

The primary stakeholders of HELVETAS Bhutan are *women, men and youth who are economically poor and disadvantaged because of their gender and area of residence* (see also 7.1 Geographical focus). While projects may engage with entire communities, primary stakeholders will be prioritised.

In addition, civil society organizations, both formally organised NGOs as well as informal community based groups and associations, are primary stakeholders. They work on a variety of topics that benefit the poor and disadvantaged through services (e.g. access to care and skills training for people living with disabilities), self-help benefits for members (e.g. membership based income generating groups), and calling for policies and facilities that are beneficial for the poor and disadvantaged. Equally important, they are an emerging sector in their own right. A majority of the formal civil society organizations provide services for groups that have been identified as vulnerable by the government: youth, senior citizens, single parents, orphans, differently-abled persons, and have also recognized women to be disadvantaged in terms of economic opportunities and political participation.

6.2. Disadvantaged groups

Disadvantaged individuals and groups are primary stakeholders of HELVETAS Bhutan following the criteria below:

- Economic poverty: very poor/poor women and men who live on less than Nu. 2'195.95 per person per month¹
- Sex: women
- Youth: women and men between 15 – 25 years of age
- Area of residence: women and men from the 10 poorest dzongkhags (see 7.1 geographical focus)

7. Geographical and thematic focus

7.1. Geographical Focus

HELVETAS Bhutan will work at three levels:

- At **national level** in terms of policy dialogue (e.g. decentralization policy or strategies, civil society legislation, vocational skills training strategies).
- At **dzongkhag and gewog level** for engagement with local government, civil society organizations including community based groups, and vocational skills training institutes. A majority of the engagement will focus on gewogs and communities in the 10 poorest dzongkhags in the country²: Dagana (33.3% population below the national poverty line); Zhemgang (25.10%); Monggar (17.10%); Trongsa (14%); Pema Gatshel (13.70%); Gasa (12.60); Samtse (12.30%); Sarpang (12.10%); Tashi Yangtse (11.90%); and Tashigang (10.70%).
- **Partner based geographic area** particularly for partnership with vocational training institutes and with the private sector. However, disadvantaged youth remain the primary stakeholder undergoing skills training in partner training institutes and with the private sector.

7.2. Thematic focus & Project Portfolio development

The thematic focus will be on two themes: (a) Vocational Skills Development and Employment; and b) Local Governance and Civil Society. The three organizational cross-cutting themes – gender and social equity, policy dialogue, and partnership and capacity development – and the two new accents – focus on youth and urban engagement – will be addressed within these two themes (see section 8. Transversal themes and new accents). This will be the *core programme* (see yellow box; Figure 3). At the same time, given HELVETAS' many years of engagement and long term credibility in the country in other sectors as well, a pro-active approach to acquisition in areas beyond the core programme but within HELVETAS' operational capacity and expertise will be maintained (see blue box; Figure 3). Small funds for innovative new ideas and to pilot activities with potential for scaling up in areas where HELVETAS has the expertise will also be actively sought.

¹Nu. 2195.95 is the national poverty line in the Bhutan Poverty Analysis Report, 2017

² Bhutan Poverty Analysis Report, 2017, Royal Government of Bhutan

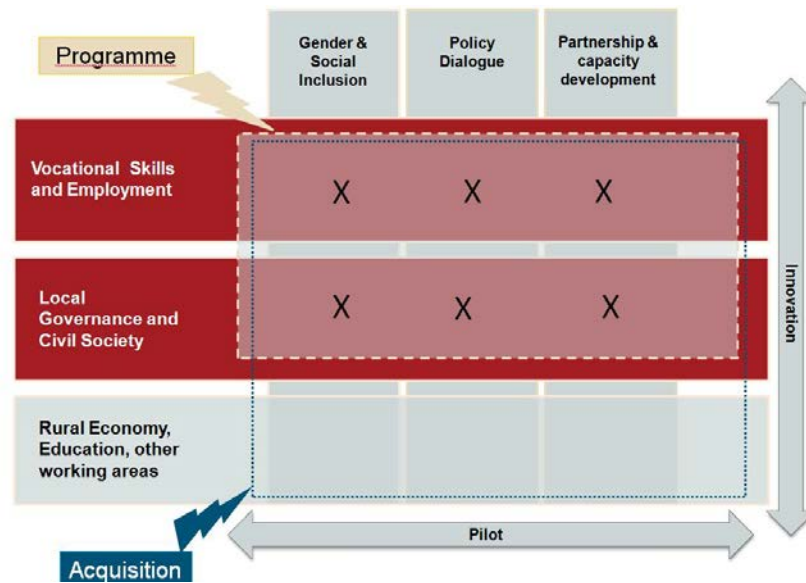


Figure 3: Thematic focus of HELVETAS Bhutan

Skills Development & Education

Vocational skills development and employment:

After years of focus on basic education leading to tertiary education in Bhutan, unemployment of high school leavers and graduates is now a serious issue of national importance. Youth unemployment is significantly higher in urban areas (28% in urban areas as compared to 4.8% in rural areas), and is relatively more for females than their male counterparts at 12.7% and 8.2% respectively. There are also concerns that since these figures are based on a definition where at least one hour a week work is also counted as employed, the challenges in reality may be greater than portrayed by the figures. Additionally, emerging social issues such as crime have also been attributed to youth unemployment. There is, therefore, a strong need to generate employment opportunities for youth. At the same time, there is a lack of skilled people. This is most evident in the construction sector where semi-skilled and skilled workforce requirements are met largely through foreign workers from neighbouring countries. Youth are perceived to be not interested to take up work in this expanding sector. For community based groups in rural and peri-urban areas, there is a gradual progression from subsistence to a partly commercialised and market oriented farm and non-farm activities. This process is generally characterised by a low level of awareness and skills on economic sustainability, and private initiative and involvement.

HELVETAS will therefore focus on pre, during and post skills training interventions in selected sectors contributing largely also to the new accent of HELVETAS' "focus on youth". The interventions will seek to reduce the current gaps between the very well elaborated central level plans and the actual implementation on the ground. Pre-training interventions may include programmes in schools and other forms of youth-skills training linkages. The skills training interventions will build on the experiences up to date and include improvements in skills training delivery, adapted training offers to the requirements of the employers (incl. apprenticeship in partnership with the private sector and short courses) and the design of new courses and programmes. The country's Technical and Vocational Educational Training (TVET) Blue Print, which was developed with support from the Asian Development Bank (ADB), is the basis for the skills development interventions. Post-training interventions will include aspects of collaboration with the private sector to foster wage employment for skills graduates, but also the private sector's continuous engagement in skills training development and implementation. Self-employment will also be a post-training area to engage in. Building on the concept of Business Incubation Units (BIU) recently set up in the country, and youth initiated and operated small scale enterprises are potential areas to look into. This post-training

engagement could gain from exchanges with other countries in the region (see 5.3 Collaboration and coordination). Skilling is also highly relevant for income generation for community based groups. In this, HELVETAS' experiences in income generation particularly in the green sector can be leveraged. These groups are also concrete avenues for civil society engagement in local economic and in local governance processes.

Governance & Peace

Local governance and civil society

Democracy in Bhutan was introduced after years of planning, which included drafting a written Constitution, establishing new institutions, and introducing party based elections. Citizen engagement in local decisions received emphasis especially since the 10th Five Year Plan (2002-2008), which was formulated in a decentralized manner starting at the chiwog level through village meetings. Initiatives such as the Gewog Development Grant (GDG) provides greater flexibility and say to local government and citizens to set priorities for their gewogs and have therefore also increased ownership over development plans. However, there are challenges in the way the relatively new roles and responsibilities are performed within the scope of the ongoing decentralising process. Reasons include lack of adequate capacities of local government, and differing interpretations and implementation of decentralisation at various levels, which are aggravated by coordination issues. Sections of the population are also either unfamiliar with or not able to use opportunities to participate in local governance.

Another feature is the increasing number of civil society organisations. Traditionally, informal groups and associations have existed for various self-help and community support. Formal and legally recognised civil society organizations have recently emerged. There are today 50 legally registered civil society organizations, over 90 religious organizations, and more than 1,000 farmer groups, associations and cooperatives. They face sustainability and capacity issues. In addition, there is a general perception on the roles of CSOs as welfare and charity organizations that supplement the government's efforts in the social sectors. Their involvement in, for example, accountability mechanisms and in policy dialogues is emerging.

The engagement of HELVETAS in strengthening local governance will continue. Topics of policy discussions and harmonizing of legal framework pertaining to decentralization, capacity development to implement positive reforms adequately, citizen engagement particularly of women, youth and other vulnerable groups in local governance, and supporting inter-agency and central-local coordination between relevant central and local government actors continue to be relevant. While the earlier engagement focuses particularly on rural settings, experiences may be expanded to the increasing urban areas in line with HELVETAS' new accent on "Reaching out to urban areas". Particularly, partnership with local governments in Thromdes may be explored in terms of urban-rural governance linkages in dzongkhags, harmonization of legal framework and citizen engagement in service delivery in small towns and municipalities.

The European Union (EU) mandate will be the backbone of engagement with civil society. Topics include enhancing engagement of civil society organizations in sustainable development and good governance, strengthening their operational capacity and on enabling environment for civil society. This initiative is a continuation of the current engagement of HELVETAS with the Civil Society Organisations Authority and with civil society organisations. It is important to note that HELVETAS Bhutan will have a broader definition of civil society organisations in its implementation than is applied in the country and will include community based organisations in its interventions and partnership.

Rural Economy and other Working Areas

As elaborated above (refer 5.5 Key elements and changes of new country results framework), there is a shift from rural livelihood engagement to governance and vocational skills development as main

themes. However, where HELVETAS has the organizational capacity and expertise, a pro-active approach will be maintained towards acquisition in other working areas. It is also expected that some topics of engagement with community based organizations under the civil society programme and for skills development will be rural economy related.

Additionally, HELVETAS Bhutan continues to work with and offer services to regional and international partners (predominantly Swiss partners so far) to facilitate implementation of small initiatives that are beyond HELVETAS programmatic interests, if they support Bhutan's development efforts in general and do not present any conflict of interest.

8. Transversal themes and new accents

8.1. Capacity development

With the objective of increasing capacities to respond to demands of primary stakeholders, capacity development of individuals and partner organizations are an integral part of the HELVETAS Bhutan programme. Skills training for youth to enhance their employability in the job market lies at the core of engagement in the vocational skills development theme. This will take place in parallel with strengthening the capacities of partner training institutions so that training they offer to youth are of a quality and relevance that is recognized in the market. The engagement of private sector partners in this process will be actively sought. Skills training for community based organizations in income generation together with improving internal governance processes is also proposed. With civil society organizations, capacity development has two interlinked aims: a) emergence as a sector in its own right through skills in networking, research, and policy dialogues; and b) strengthening internal governance and sustainability through training on topics such as fund raising and financial management, project cycle management, gender mainstreaming. A basic capacity development plan for local government has been developed, which has identified different clusters of training topics such as general administration, development planning, procurement and accountability, human resource management, budget planning and management, use of information technology. "Soft" topics such as inclusion of citizens in planning and prioritization, social accountability, and inclusive village meetings are also necessary. In addition to the training topics, it is pertinent to look at methods and go beyond the much used "classroom" type of delivery. Peer exchanges, peer learning, and coaching are some examples. For both CSOs and local government, mapping and identifying potential local training providers will be important for sustainability.

8.2. Gender and Social Equity

The representation of women in the political sphere is marginal in the country. Local government elections in 2016 showed a marginal overall increase while the last parliamentary elections in 2013 saw a drop in women's representation. In local development processes such as village meetings, women show up in good numbers but both women and youth are seen not to fully participate in discussions and decisions. In the economy, unemployment rates among females are almost twice as high as those for men (also see under 7.2) and that for youth is three times higher than the national average. Consequently, participation of women and youth in local governance processes, and in income and employment opportunities are priorities. Key intervention areas will be in:

- Vocational skills training and employment: the primary stakeholder will be youth from economically disadvantaged families and from remote areas. Skills building in specific trades where there are market opportunities will be done in partnership with technical training institutes (TTIs) and private sector partners. The perception that these youth are "failures" who did not make it into tertiary academic institutions, and that their work is "inferior" compared to office-based work is strong in the country. Activities to challenge such perceptions through, for example, programs in schools and sharing success stories will be done. Participation of women

in vocational skills training so far has been about 50% of the total. However, they face specific challenges when finding employment because of stereotypes on their abilities especially to perform in the construction sector. Therefore, post-training support will give special focus to women graduates from partner technical training institutes and apprentices. For engagement in income generation with community based groups, women leadership in these groups will receive attention. Past experiences show that women leadership in these groups are limited although they are active as members.

- Local governance and civil society: Several civil society organisations work on the topic of women's political participation and their social and economic empowerment, and providing care and services to vulnerable groups such as people living with disabilities and senior citizens. Additionally, youth associations and community based organisations are important avenues for inclusion of youth, women and men from rural remote areas. Capacity development, technical advice and access to grants for these organisations will be done to strengthen their work. Grant access will specifically target poor communities and dzongkhags. Strengthening the presence of women and youth in local governance processes will receive priority, starting with participation in village meetings. For this to happen, programs to support awareness among local leaders of the importance of consciously including women and youth and their capacity to do so will be supported.

At the very least, project data including training records will be sex-disaggregated. In addition, one-off social protection measures will be supported where necessary to meet the immediate needs of highly vulnerable households. For example, young widows who have unexpectedly lost their main source of income. The overall aim is to enable them to participate in longer term development programmes.

8.3. Policy Dialogue

Some projects will have concrete policy dialogue components. The local governance and civil society programme will support and monitor outcomes on policy dialogues between the state and civil society organizations, and on progressive local governance reforms adopted by the government and the Parliament. In this respect, supporting policy dialogues between the state and civil society organizations with the aim that such dialogues become regular, capacity support for CSOs to network and prepare to take up common issues, research with local research institutions to strengthen policy discussions and debates are some strategies. Support for policy discussions in governance is also planned with the aim of new or reformed policies that are supportive of citizen participation in decentralization or accountability mechanisms. In other projects, experiences and lessons from projects will be documented and regularly shared with decision makers through steering committee meetings where government stakeholders are members. Particular focus will be placed where primary stakeholders are negatively affected by existing policies, or would immensely benefit from reforms or new policies. Where appropriate and relevant, technical assistance will be provided in review, drafting and implementation of policies. Experiences from projects show that field experiences can enrich some policy discussions and debates without leading to changes. Therefore, realistic aims must be set.

8.4. Focus on Youth

About 48% of the country's population is below 25 years of age, and youth (15-24 years) account for about 19% of the total population in 2016. It would be a democratic deficit if the large population of young people are not engaged in governance processes in their communities, particularly when it comes to prioritizing income generating and employment creating activities through the use of gewog grants. This also relates to the government's priority of local economic development in the 12th five year plan. The democratic transformation in Bhutan provides the opportunities to do so; however, youth often do not have the confidence to express opinions and specific needs and to

engage in participatory local development processes. Therefore, it is important to *strengthen the capacities and confidence of youth and other vulnerable groups to participate* while also raising awareness of local governments to include them in participatory local governance processes. *Income and employment concerns are of high priority for youth.* Youth unemployment is on the rise, and prospects in the coveted civil service are slim. The lack of a vibrant private sector, a general disdain for “blue-collar” jobs, and the perception of lack of relevant skills among Bhutanese youth worsens the situation. Consequently, vocational skills program targeting youth and in close partnership with the private sector will be a core focus.

Understanding barriers to youth engagement in local governance processes will be important (e.g. structural, cultural). The effects of increased participation and influence will also be useful to track although this will not be the primary aim of interventions at this point. On the skills and employment side, the public and the small private sector will not be able to absorb the number of youth seeking employment; therefore, the learning dimension will be on strategies to facilitate self-employment.

8.5. Urban engagement and rural urban linkages

Urban areas in Bhutan are expanding. From four main urban centres including the capital, there are growing dzongkhag towns, satellite towns, as well as semi-urban areas. With this expansion, governance in urban areas has become a subject of growing discussion in recent years. It is projected that from the current 30.9%, more than half the country’s population will live in urban areas by 2020. There are already visible pressures on infrastructure, space and services in large urban centres as well as social issues of urban poverty. A pull factor is youth looking for employment prospects, and temporary wage workers or micro enterprises being set up around large construction sites such as hydro-power construction sites. Farmers find new market opportunities in urban and semi-urban areas, and the huge investments made by the government in road connectivity makes linkages to urban markets more convenient for farmers. Within this context, it is foreseen that HELVETAS’ engagement will be in mechanisms for horizontal coordination and sharing of learning and practices between institutions of local governance in thromdes (four so far and expected to grow to 20), and semi-urban and rural areas (20 at the dzongkhag level and 205 at the gewog level). This is expected to be consolidated at the central level as well through harmonizing existing policies and regulations where appropriate and relevant. Vocational skills training and employment is not an urban engagement per se. However, there are clear urban linkages since unemployment among youth is higher in urban areas, prompted by migration in search of jobs; private sector partners are largely based in urban areas; and support for self-employment enterprises will likely to be in semi-urban areas. The topic of support for self-employment enterprises for youth will be a new field for HELVETAS Bhutan. Existing agriculture projects are building on new market opportunities created by roads and semi-urban settlements along construction sites, and timber and non wood forest products (NWFP) from the community forestry project also look at urban consumption.

9. Role, Partners and Coordination

9.1. Partnership landscape

HELVETAS Bhutan will establish a multi-stakeholder partnership – with partners from the government, civil society and private sector.

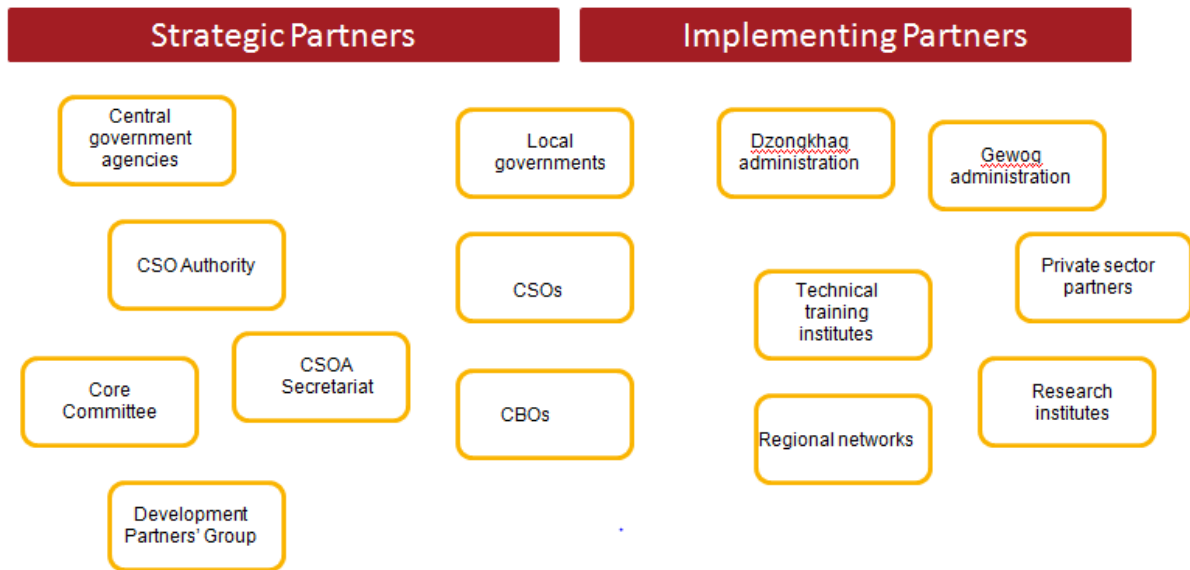


Figure 4: Partners

Government: Partnership with government agencies – central ministries and agencies, dzongkhag and gewog administration, local governments - are based on the thematic focus of joint projects. Hence, the basis of the partnership is the successful implementation of joint projects (implementing partners). At the same time, a majority of the projects with the same partners have objectives on policy development and changes that have long term impact on partners' systems or on the income of some of the primary stakeholders. Examples from the past (and future) include policies related to community forestry, civil society, decentralization. Important central government partners include the Gross National Happiness Commission Secretariat (GNHCS), Ministries of Home and Cultural Affairs (MoHCA), Labour and Human Resources (MoLHR), Agriculture and Forests (MoAF), CSO Authority (which includes both state and civil society representatives) and its Secretariat, various sectors within the dzongkhag and gewog administration and local governments.

Civil society: For HELVETAS, civil society organizations include formal registered organizations, community based organizations as well as informal groups and associations. The basis of partnership is to support the emergence of civil society organizations as valued actors in their own right (system partners). Therefore, capacity development, engagement in policy discussions, support for networking among CSOs including the committee of CSOs are planned. Thematic partnership on topics of empowerment of poor communities, women, governance, and sustainable development will also be important. Important partners here include the Core Committee which is an informal association of representatives from nine CSOs, and individual CSOs and CBOs. Collaboration with some research institutions (service providers) will facilitate research and studies on the topic of civil society.

Private sector: Private sector entities, i.e. small and medium enterprises, large companies with the capacity to engage in training and employment of vocational skills graduates, and the association of contractors will be important implementation partners as well as “clients” of these interventions.

Regional networks: Relevant networks include the regional south and east Asia centric Local Governance Initiative and Network (LOGIN Asia) of which HELVETAS Bhutan is a member, and the Development Partners' Group in Bhutan which includes UN organizations, resident and non-resident donors, and INGOs that are active in the country. Partnership or membership in other networks will be assessed for relevance.

9.2. Strategic partners

Government agencies at the central level are strategic partners. Formulating changes or revisions to policies or systems and procedures need the engagement and endorsement of these agencies. For disadvantaged youth to become skilled employees or self-employed, they need market relevant and competency based skills from vocational institutions under the Ministry of Labour and Human Resources. The policy environment also needs to be such that there are regular interactions between the ministry, training institutions and private sector companies and enterprises. Therefore, the ministry is a strategic partner. To strengthen decentralization system and processes, the Department of Local Governance and local governments are strategic partners. The system and processes eventually enables citizens, including women and youth, to participate actively in village meetings, local governance discussions and decisions. CSOs, the CSO Authority and Secretariat are strategic partners in strengthening CSOs as actors in a democratic set-up, and working on policies that directly impact the emergence, legal status and work of CSOs. In the beginning of partnering with CSOs, project implementation was the main aim with selected CSOs that had thematic relevance; gradually, other elements of partnership were built in such as networking and capacity development that went beyond technical themes to internal governance and institution building.

Partnerships described above are within the programme of work of HELVETAS but they go beyond technical implementation of activities into areas of policies and system that have a wider impact. These partnerships are with institutions; however, individuals representing the institutions on steering committees or as project managers can influence the partnerships.

9.3. Role of HELVETAS

HELVETAS has a long standing history of engagement in Bhutan and is largely perceived as a donor. Efforts will be made in the near and medium term to present HELVETAS Bhutan as a technically competent partner for programme/project implementation, technical advice and as a facilitator and innovator. Building the capacities of personnel in the country office in thematic areas, linking with other HELVETAS country offices in the region for experience and expertise, and working closely with advisory services at the head office will be important in this process.

9.4. Alliances, networks and coordination with other development organisations

HELVETAS Bhutan is a member of the south and east Asia centric Local Governance Initiative and Network (LOGIN Asia), which enables sharing of knowledge and experiences in the region and within members from Bhutan. It is also a part of the Development Partners' Group in Bhutan, which includes UN organizations, resident and non-resident donors, and INGOs that are active in the country. This Group meets regularly to share information on individual programmes and plans. Where relevant, collaboration with other INGOs, consulting companies and academic institutions will be pursued for tenders and acquisition. Some steps in this direction started with national academic institutions such as the College of Natural Resources(CNR) and the Royal Institute of Management (RIM). Linking local institutions with international and regional institutions of relevance for experience exchange and common learning will also be pursued.

HELVETAS has rich experiences in the thematic areas of local governance and civil society, and vocational skills and employment both in the region and internationally. Therefore, options for collaboration and learning will be explored. For example, technical and vocational skills development, training, and entrepreneurship are some topics where HELVETAS Nepal has on-going projects, and local governance is a topic where Bangladesh has experiences and on-going projects. Collaboration with Nepal could trigger exchange of experiences and regional acquisition within the Himalaya programme.

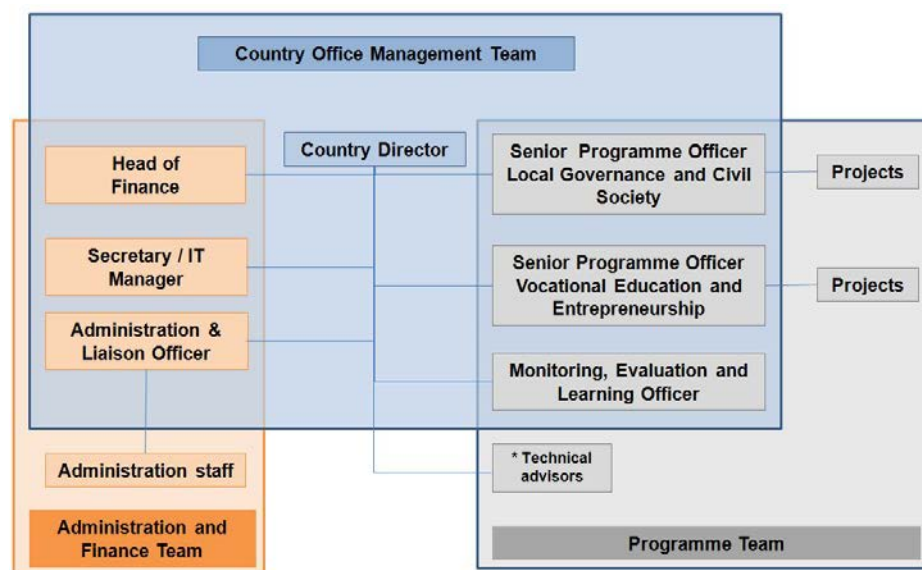
9.5. Communication and Public Relations

Public information materials such as briefing papers, pamphlets and brochures, annual reports, and interaction with the media during important milestones in the programme are some ways to communicate the work of HELVETAS Bhutan and partners. The use of the HELVETAS logo, colors and standard templates are consciously done in such presentations. The country website and social media (facebook page) provide regular updates. Short documentaries are also effective and will be used, although their conceptualization needs to move away from only showcasing overly positive results. Regular events such as partners' annual meetings are important in maintaining and strengthening relations.

10. Management and financial resources

10.1. Programme structure / management / offices

The Country Office is based in the capital Thimphu and consists of the Programme and the Administration/Finance teams, led by the Country Director as below. HELVETAS Bhutan continues with a "national execution" modality where Project Managers are staff of partner organizations. Therefore, separate project offices or field offices are generally not set up.



* Technical advisors will be recruited as and when required

10.2. Human resources

The Programme team includes: a Senior Programme Officer each for the two thematic areas of vocational skills development and employment, and local governance and civil society. They work closely with the partner Project Managers in planning and delivering project results and are guided by Steering Committees consisting of representatives from relevant strategic and implementation partners. They will be supported in the areas of monitoring and learning by the Monitoring, Evaluation and Learning Officer. The Country Director will support the programmes in technical matters in addition to representation and overall leadership. For regular technical backstopping in the thematic areas, the support of technical advisors from Advisory Services and from neighbouring programmes will be sought. It is anticipated that the civil society project will need regular technical support from Advisory Services while experience and expertise from HELVETAS Nepal will be

sought for vocational skills development and employment. One-off consultancy missions will be organised for specific technical needs. For acquisition, the Country Director together with the relevant programme officer and Finance Manager will be responsible. The Administration/Finance team includes administration, logistics and finance personnel.

10.3. Donor mapping

The government of India remains Bhutan's most important donor; other resident bilateral donors are Japan and Austria. Donors generally work directly with state partners and sometimes with national CSOs. The European Union is an important development partner for Bhutan and has decided to triple development assistance mainly in the areas of sustainable agriculture, governance and decentralization, and support for civil society. The International Fund for Agricultural Development (IFAD) continues to be a non-resident development partner in the agriculture sector. The World Bank and the Asian Development Bank (ADB) also continue their engagement and have offices in the country. Regional cooperation is mainly focused on South Asian Association for Regional Cooperation (SAARC), and funds are accessed by government and national non-governmental organisations most notably through the SAARC Development Fund, a funding mechanism supporting social, economic and infrastructure projects in the region. An overview of main donors is given in Annex 2.

10.4. Financial resources

The annual budget is expected to be between CHF 1.7 to 2.6 million for the Country Strategy period 2018-2022. About 40 to 50 % of this budget is expected from programme contribution while mandates are expected to account for about 50 to 60 % over the five year period. The Country Office cost will be on average 8% of the total budget.

Table: working area budget projections

Working area	2018 Plan		2019 Plan		2020 Plan		2021 Plan		2022 Plan		TOTAL	
	MCHF	%	MCHF	%	MCHF	%	MCHF	%	MCHF	%	MCHF	%
Country Office	0.175	7	0.150	7	0.150	8	0.150	8	0.150	8	0.775	8
Programme Development	0.015	1	0.010	0	0.010	1	0.010	1	0.010	1	0.055	1
Governance & Peace	1.170	45	0.935	42	0.935	54	0.810	43	0.810	41	4.660	45
Vocational Skills & Education	0.450	17	0.450	20	0.450	26	0.400	21	0.400	20	2.150	21
Rural Economy	0.790	30	0.500	22	-	-	-	-	-	-	1.290	10
Potential new mandates	0.000	0	0.200	9	0.200	11	0.500	27	0.600	30	1.500	15
TOTAL	2.600		2.245		1.745		1.870		1.970		10.43	

11. Quality Management

11.1. Human Resource Development

The transition in the role of HELVETAS Bhutan means that the technical competence of the Programme team needs building. This will be done through capacity development in thematic areas, and by seeking technical advice and expertise. The addition of a programme staff and regular backstopping from advisory services in the civil society sector is also expected to enhance the programme competencies. An area where capacity is needed is acquisition, and this will be built "by

doing” in close collaboration with the acquisition team in the head office and through participation in regional trainings/workshops on this topic. With partners, capacity development to strengthen partner human resources and institutions is an integral part in all projects.

11.2. Knowledge and Learning

HELVETAS Bhutan acknowledges the importance of creating, acquiring, sharing and using knowledge to continuously learn and improve. However, processes of learning are usually not consciously promoted or monitored. A key moment of learning in projects is during reviews and evaluations; when done well and in a "learning" mode, these processes highlight lessons and provide recommendations that help HELVETAS Bhutan to learn and improve as an organization. Therefore, these will be inbuilt into projects and continued to be done. Training is planned in terms of topics and delivery methods but its linkage to program and project results needs to be strengthened and monitored to ensure their effectiveness. Regular events such as partners' meetings, participation in networks of development partners and theme based groups such as the LOGIN country platform will be continued as means to exchange ideas, learn from partners, and to share and access knowledge products of other organizations. Within the Country Office, an online repository has been created to store and provide easy access to reviews, analytical papers and other documents of partner organizations, donors and of HELVETAS Bhutan. This will continue to be maintained, expanded if necessary, and regularly updated.

11.3. Safety & Security

There is political stability in the country, and crime rates are generally low although it has risen in recent years especially in urban centers. Insurgency and militant activities in the southern border regions with India are occasional occurrences and are monitored to prevent travels during times of high security alert (defining no access zones or limited zones) or to ensure that travellers are covered by border security services when travelling during times of moderate to low risks. Bhutan is prone to various natural hazards: earthquakes have the risk to cause the most severe and widespread damage as geo-physically Bhutan lies in one of the most seismically active zones. There are potentially dangerous glacial lakes that pose risks of Glacial Lake Outburst Floods (GLOF), and landslides and flash floods during monsoon are threats to lives and livelihoods. In the dry winter months, forest fires also pose considerable risks. Considering the vulnerability to mainly natural hazards, a Local Security Plan (LSP) was drafted to underline basic guiding principles for safety and security, and to increase preparedness.

11.4. Emergency preparedness

HELVETAS Bhutan country office is primarily responsible for monitoring and addressing safety and security issues of its staff in the country. The Administration & Liaison Officer is the focal person in case of emergencies and has the responsibility of establishing and maintaining necessary contacts in the government and the Royal Bhutan Police (RBP) with regard to updates, support/assistance, evacuation if necessary in times of emergencies. Liaisoning with the security in-charge of the United Nations in Bhutan is also important for coordination and mutual support. A concise emergency action plan is part of the Local Security Plan and includes contact point and persons and dos and don'ts during emergencies.

11.5. Financial Management and Audits

Overall financial management is guided by the National Finance Manual of HELVETAS Bhutan. Financial planning is done with projects and are based on Project Documents and Agreements. Disbursements are generally made quarterly based on approved annual plans. Expenditure

monitoring is done by project focal persons and by the Head of Finance in HELVETAS Bhutan, as well as through Project Steering Committee (PSC) meetings, in which the Country Director and the project focal person/s are present, and through financial reports. Planning and monitoring are done with the overall project results in mind, which requires linkages between programme/project and finance. The tendency is to segregate the two functions completely. Overall internal control processes have been set in place (e.g. segregation of responsibilities between cashier and head of finance, using the four-eyes principle) and partner monitoring and audit are regularly conducted. All projects and the country office are audited once a year by the Royal Audit Authority (RAA) of Bhutan where financial processes, controls, procurements, budget versus expenditures are audited and a formal report submitted with findings and recommendations. In addition, all partners undergo annual audits and reports are shared with HELVETAS Bhutan for review.

Aside from individual projects which have been the main focus so far, financial management also involves looking at the medium and longer term financial health of the organization. In this respect and for efficiency reasons in a small office, programme and finance personnel work together in overall medium term planning and acquisition processes.

11.6. Monitoring, Evaluation and Reporting

The Country Result Framework presented in Annex 1 will form the basis of monitoring of strategic goals and objectives. These in turn will guide the formulation of results at the project level and their monitoring and reporting half-yearly and annually. The half-yearly and annual project progress reports in turn form the basis, on which the Country Office prepares the overall yearly plan of operations and the annual progress report for HELVETAS Bhutan. Project reviews or evaluations will be planned in each project document or as agreed with donors. There is a tendency to develop ambitious project logical frameworks, and disconnect between projects and country strategy expected results. Therefore, individual project reviews and evaluations as well as development of new project phases will consistently use the “bigger picture” provided by the overall country strategy and its result framework. One of the responsibilities of the Monitoring, Evaluation and Learning Officer will be to ensure this linkage and promote learning.

A mid-term review of the Country Strategy will be planned in 2020 to revisit the result framework in relation to progress made, challenges faced, and changes in the country context.

12. Risks mitigation

Risk area	Assessment	Mitigation measures
Strategic risks	Major shifts in national priorities in the new five year plan	Consultative processes during planning priorities, and focus on topics of high relevance to the context and where HELVETAS can offer added value
	Interest from private sector to engage diminishes, and civil society policies stagnate	Engage with private sector potential partners during planning processes and in roles where they clearly have the expertise Combine operational support for civil society organizations with partnership in policy discussions and mechanisms for state-civil society dialogues
Operational risks	Strong focus on project implementation misses linkages to “bigger picture” social, economic, political challenges	Combine hands-on implementation experiences with technical expertise in dialogues and policy processes
	Past trend of larger budgets and donor image undermine efforts to engage in soft topics of capacity and policy	Value addition needs to be visible, proactive efforts to showcase results
Safety &	Natural hazards such as landslides and	Considering the vulnerability to mainly

security risks	flash floods during monsoons are regular occurrences; earthquakes and GLOFs are also threats.	natural hazards, a Local Security Plan (LSP) was drafted to underline basic guiding principles for safety and security, and to increase preparedness and response.
	Occasional localized security threats	Consistent monitoring to prevent travels during times of high security alert; ensuring that travellers are covered by border security services when travelling during times of moderate/low risks
Funding risks	Risk of fund discontinuation for the core projects in the next 3-5 years is very low; however, to remain above a critical threshold, at least 15% of the total funds projected needs to be acquired	Will pursue networking and acquisition more actively
Financial risks	Limited financial diversification opportunities	Will pursue networking and acquisition more actively
	Lack of adequate experiences in acquisition	Increase engagement in acquisition (learning by doing) with support from the acquisition desk and advisory services; regional acquisition efforts with HELVETAS countries with more experiences

Annex 1: Country result framework

HELVETAS Vision: A just world, in which all people live independently in dignity and security, use the natural resources in a sustainable manner and protect the environment.

	Goal 1: Women and men, including youth, contribute to an equitable society as active citizens and through an empowered civil society	Goal 2: Bhutan continues to develop towards an effective and accountable state with particular attention to local governance and decentralization	Goal 3: Women and men, particularly disadvantaged youth, benefit as skilled employees or self employed workers from sustainable economic opportunities
	<p>Indicators:</p> <ul style="list-style-type: none"> • Effective mechanisms in place to enhance the level and quality of citizen participation in local governance • Increased incidences of engagement of civil society organizations in national level policy dialogues 	<p>Indicators:</p> <ul style="list-style-type: none"> • At least 2 progressive local governance reforms adopted by the legislative or executive • Clear decentralization milestones set 	<p>Indicators:</p> <ul style="list-style-type: none"> • Transition rate from training to employment of youths graduates from partner institutions • Transition rate from training to employment of youth apprentices
Working Area 1 – Objective: Civil Society and government, particularly local government, provide citizens with platforms for active participation and representation at all levels	<ul style="list-style-type: none"> • At least 30% of local government institutions at gewog level have institutionalised initiatives to enable women and youth to participate in local decision making platforms • Regular coordination and feedback mechanisms in place between central agencies, sectors and local governments 	<ul style="list-style-type: none"> • Mechanims in place and applied for sharing of information on plans and budgets and decisions of local government councils with citizens 	
Working Area 2 – Objective: Women and men, particularly disadvantaged youth, have the relevant skills to succeed in Bhutan’s job market		<ul style="list-style-type: none"> • 20% of annual local funds at gewog level allocated for local economic development relevant for youth 	<ul style="list-style-type: none"> • Successful completion rate of vocational skills training from partner institutions • # of institutionalised participation

			of private sector partners in vocational skills training
Transversal themes:			
Objective GSE: Women and youth can access equal and just opportunities in political, economic and public life	<ul style="list-style-type: none"> • Participants in trainings/events/workshops at least 30% of each sex • All project implementation partners report increased awareness on gender and social inclusion 	Indicators relevant to Goal 2	Indicators relevant to Goal 3
Objective Policy Dialogue: Regular consultations and policy dialogues take place between government, civil society organizations and the private sector	<ul style="list-style-type: none"> • At least one instance of coordination and consultation forums between the state and civil society per year (see also indicator under Goal 1) 		<ul style="list-style-type: none"> • At least 3 coordination and consultation forums between the state, vocational training institutions and private sector partners
Objective Partnership and Capacity Development: Partner staff from government, civil society and private sector have increased capacity to respond to demands of primary stakeholders	<ul style="list-style-type: none"> • Capacity building topics match responsibilities of partners • Effect of capacity development initiatives are evaluated systematically 	Indicators relevant to Goal 2	Indicators relevant to Goal 3

Annex 2: Donor mapping

Donor	Strategy period	Priority Areas	Budget / volume	Funding modalities	Partners	Contacts / contact history	Source
Government of India (GoI)	2013-2018 Contribution to Bhutan's 11 th FYP Economic Stimulus Plan	All sectors in the 11 th FYP Economic development	Rs. 45 billion Rs. 5 billion	Directly to the government of Bhutan: Project tied assistance, programme grant, small development projects	Government	-	https://www.indianembassythimphu.bt/
Asian Development Bank (ADB)	2014-2018 Country Partnership Strategy	Energy / Finance / Transport / Urban development / regional (energy, transport)	US\$179.73 million	Loans and grants to the government, tenders (TA, and construction)	Government, private sector, INGO, multilateral institutions	Bhutan Resident Mission / ongoing Hazelnut project	https://www.adb.org/countries/bhutan/
World Bank (WB)	2014-2019 Country Partnership Strategy	Fiscal and spending efficiency / private sector growth / green development	US\$ 100 million	Loans and grants to the government and private sector	Government and private sector	Country Office, Thimphu	http://www.worldbank.org/
European Union (EU)	Multiannual Indicative Programme 2014-2020	Local governance / civil society / public finance management / sustainably agriculture & forestry	euro 42.0 million	Tenders, calls for proposals, direct grant to government, budgetary support	Government, local authorities, civil society, INGO	Delegation of the EU to India New Delhi / leveraging cultural diversity project	https://eeas.europa.eu/delegations/india_en
Austrian Development Cooperation (ADC)	Country Strategy 2015–2018	Energy / Tourism / Governance	euro 10 million	Grants to the government and CSO partners	State, CSOs, multilateral institutions	Field Office Thimphu / funding for CSO project through ADC-SDC joint programme	http://www.entwicklung.at/en/countries/himalaya-hindukush/bhutan/

Donor	Strategy period	Priority Areas	Budget / volume	Funding modalities	Partners	Contacts / contact history	Source
Japan International Cooperation Agency (JICA)	11 th FYP and 12 th FYP	Agriculture / infrastructure / Social development / Governance	-	Direct grants and TA to government partners	Government, private sector, institutions	JICA Bhutan Office Bhutan Office	https://www.jica.go.jp/bhutan/english/index.html
SAARC Development Fund	August 2010 - Charter of the SAARC Development fund	Social sectors / Economic sectors / Infrastructure	-	Call for proposals	Regional projects with CSOs, private sector partners, INGOs	SAARC Development Fund / attempt at a regional project on livelihood programme was made	http://www.sdfsec.org/
International Fund for Agricultural Development (IFAD)	2015-2022	Sustainable agriculture/sustainable value chain and market	US\$ 31.6 million	Loans and grants to the government and private sector	Government and private sector	Office: WFP Regional Office 2, Poorvi Marg – Vasant Vihar New Delhi 110057	https://operations.ifad.org/web/ifad/operations/country/project/tags/bhutan/1739/project_overview

Annex 3: Financial Plan

Country Programme Financial Plan 2018-2022 (CHF)			2018	2019	2020	2021	2022
Own funded Projects (on-going and planned)	Working area	Donor	Plan	Plan	Plan	Plan	Plan
1231.00.0.0 Programme Directorate (Country Office)			175,000	150,000	150,000	150,000	150,000
1231.00.0.1 Programme Development			15,000	10,000	10,000	10,000	10,000
1231.04.4.0 RLP Rural Livelihood Project 16-18 HSI	REC		170,000				
1231.07.3.0 SLG Support to Local Governance 15-17 HSI	GOP		250,000	250,000	250,000	200,000	200,000
1231.15.3.0 Support to Archaeology 15-18	GOP		60,000				
1231.16.2.0 Bumthang Health Care Supp. 15-18	GOP		150,000				
1231.18.1.0 OSD4CS Occupat Skill Develop 12-17 H	SDE		250,000				
1231.18.2.0 OSD4CS Occupat Skill Develop 18-22 HSI	SDE		200,000	450,000	450,000	400,000	400,000
1231.21.1.0 Support for Community Forest 17-18 HSI	REC		95,000				
1231.99.0.0 Small Projects	GOP		10,000	10,000	10,000	10,000	10,000
1231 Own funded projects			1,375,000	870,000	870,000	770,000	770,000
Mandates, ongoing			Plan	Plan	Plan	Plan	Plan
1231.20.2.0 SCSS Supp to Civil Soc.18-21 HSI	GOP		100,000	75,000	75,000		
1231.22.1.0 Support to Civil Soc. 17-19 EU	GOP	EU	600,000	600,000	600,000	600,000	600,000
1231.23.1.0 Clim Res Hazelnut Value Chain 16-19 ADB	REC	ADB	500,000	500,000			
1231.23.1.1 Clim Res Hazelnut Value Chain 16-19 ADB Part II	REC	ADB	25,000				
1231 Mandates			1,225,000	1,175,000	675,000	600,000	600,000
Potential new mandates			-	200,000	200,000	500,000	600,000
1231 Bhutan			2,600,000	2,245,000	1,745,000	1,870,000	1,970,000
Programme contribution[%]			53	39	50	41	39
Mandates[%]			47	52	39	32	30
Potential new mandates [%]			-	9	11	27	30

Annex 4: Country Strategy Development Process

Month	Consultation dates	Programme	Lead	Support	Participants
Mar-2016	09-17.03.2016	Programme Review and thematic recommendation for CS	Elmar Ledergerber, Rudolf Dannecker, Karma Phuntsho	National resource group, country office staff, Franz	Primary stakeholders, partners and representatives from the state, civil society, private sector, other development partners,
March-2017	09-17.03.2017	Concept note development and submission to Franz	Juerg, Tashi	Country office staff	Selected partners
May-2017	25.05.2017	ProComm Meeting	Franz		Head Office ProComm members
May-2017	26.05.2017 (Friday)	Staff meeting for common understanding of Concept Note & comments from ProComm	Tashi		All Country Office Staff
June-2017	06.06.2017 (Tuesday)	Presentation and discussions with Gross National Happiness Commission (GNHC) Secretariat	Tashi	Country Office Staff	GNHC representatives
	13.06.2017 (Tuesday)	Consultation with informal civil society groups/citizen groups/primary stakeholders	Sangay, Tshering	Nado, Jangchu, Tashi	Community based groups from 8 districts in the east/south/central, regional cooperatives office
	16.06.2017 (Friday)	Consultation with Planning Officers	Tashi, Sangay, Tshering	Nado, Jangchu	Planning officers from 8 districts in the east/south, Jangchu
	20.06.2017 (Tuesday)	Consultation with Civil Society Organizations	Tashi, Chhenzom, Tshering	Nado, Monju	Representatives from CSO Authority, Secretariat, CSOs, department of agriculture marketing & cooperatives
	22.06.2017	Consultation with vocational skills programme	Sangay, Werner	Tashi, Nado	Representatives from the private sector, Ministry of Labour and Human Resources, youth group
July-2017	01-20.07.2017	Compile inputs/feedback from consultation workshops	Tashi, Sangay, Tshering	Country office staff, Werner	
	14.07.2017	Consultation with Local Governance Programme	Tashi, Tshering	Country office staff	Representatives from department of local governance

Aug-2017	01-14.08.2017	Country strategy drafting	Tashi	Sangay, Werner, Monju, Chhenzom, Nado	
	18.08.2017	Feedback from staff	Country office staff, Werner		
	22.08.2017	Submission of complete draft to Head Office (Remo, Lionel, Franz)	Tashi	Monju for all formatting, diagrams/graph	
	30.08.2017	GNHC-Presentation on the draft CS	Tashi	Sangay, Tshering, Chhenzom, Nado	
Sept-2017	30.09.2017	Review of CS and feedback, approval of the CS	Remo, Lionel		
Oct-Nov 2017		Drafting and discussions on agreement between the RGoB-HELVETAS	Tashi, Nado		
Dec-2017	18.12.2018	Agreement signing and launch of new CS	RGoB and HELVETAS Bhutan		Country office staff, partners, media
Jan-2018	01.01.2018 (Monday)	Operationalisation of the new CS	HELVETAS Bhutan & Partners		